



## Outcomes

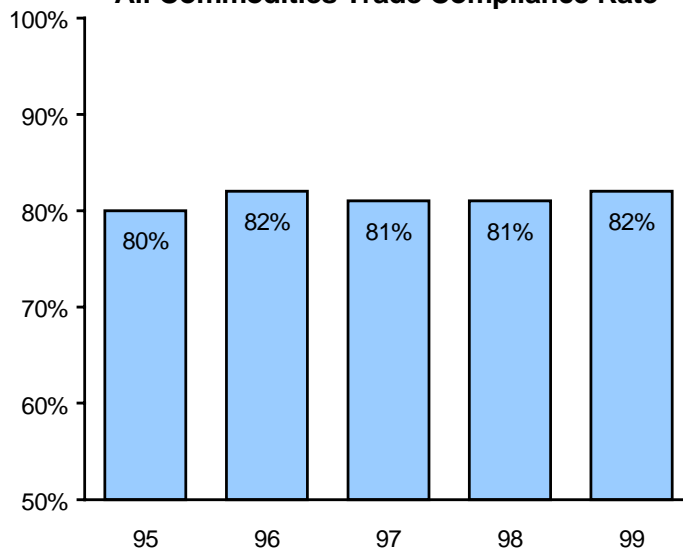
The Government Performance and Results Act requires agencies to identify outcome measures to portray the benefit the agency provides to the American public or other stakeholders. Customs has identified "the rate of compliance" with applicable U.S. laws and regulations as the primary outcome for its core processes -- trade, passenger, and outbound.

For narcotics enforcement, it has identified Drug Smuggling Organizations (DSOs) transportation costs, the fees charged by DSOs to transport cocaine into the United States, as its outcome measure. The purpose of this new measure is to help Customs identify the impact of Customs enforcement efforts on drug smuggling transportation costs and the consequence to wholesale drug prices. Baseline data for cocaine transportation costs was collected this year. Baseline data for the cost of laundering money (the outcome measure for our money laundering strategy) was also collected this year.

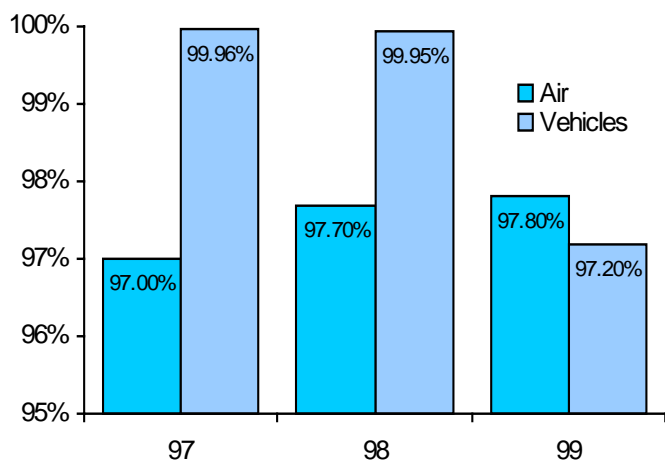
The Compliance Measurement Program, which started in 1995, uses random sampling to provide a statistical foundation for measuring commercial import compliance, and conversely, discrepancies. The Overall letter-of-the-law compliance for FY 1999 was 82 percent. At an 82 percent compliance rate, it is estimated that 25 million of the 30 million entry lines are compliant.

The air passenger compliance rate for FY 1999 was 98.2 percent, which means that of the 75.3 million arriving air passengers, arriving on commercial airline flights, 73.7 million were compliant. The 97.3 percent compliance rate at our land borders means that, of the 325.8 million land border passengers who crossed our borders in privately owned vehicles, 316.7 million were compliant.

**All Commodities Trade Compliance Rate**



**Air and Land Vehicle Passenger Compliance**



FY 1999 data includes Category 1 and 2 violations. FY 1997 and 1998 compliance rates for land vehicles is based only on Category One violations only.

***Did you know?***

In 1900, Mr. Walter L. Howell was appointed chief chemist and supervised a staff of three for Customs laboratory. The lab analyzed import merchandise such as raw sugars and molasses, to ensure that the quality was consistent with what the importing country promised to send. Today, there are seven laboratories, with the addition of research laboratories and mobile units that are equipped to test all chemical and physical types of commodities, narcotics and other controlled substances.



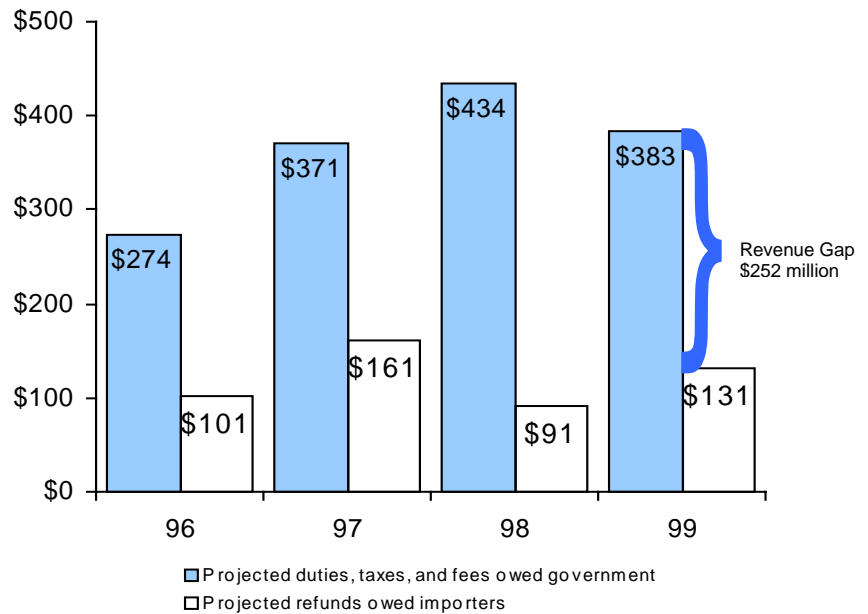
## Revenue Gap

The Revenue Gap (\$252 million in FY 1999) is the estimated net amount owed the government for noncompliant filings of consumption entries. Thus, the Revenue Gap is the estimated amount for projected duties, taxes, and fees (\$383 million) that are owed the government on consumption entries, less the estimated amount for projected refunds (\$131 million) owed importers by the government. The Revenue Gap amount does not account for moneys that are lost due to illicit activities (e.g., goods which may be smuggled outside ports of entry), additional collections resulting from other than compliance measurement examinations, or refunds after liquidation for special programs such as the North American Free Trade Agreement (NAFTA).

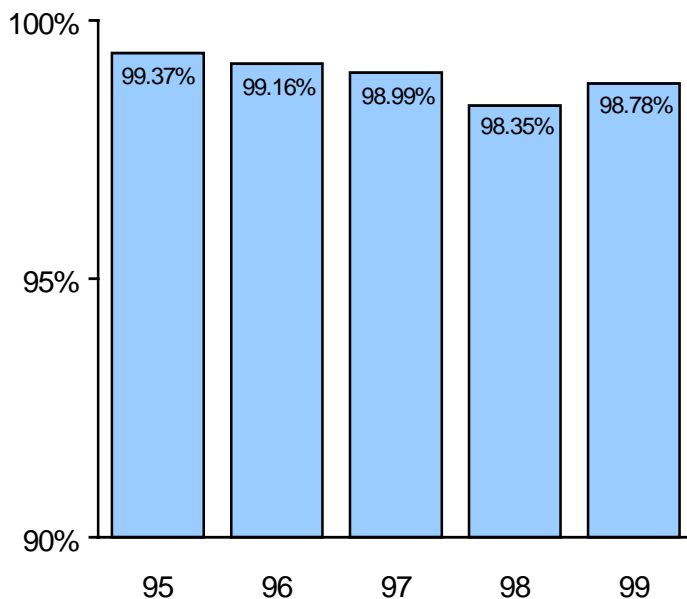
In FY 1999, of the potential revenue from consumption entries of \$20.6 billion (\$20.4 billion in actual collections + \$252 million Revenue Gap), 1.22 percent was due to the Revenue Gap. This equates to a Revenue Collection Compliance Rate of 98.78 percent.

Analyzing the components of the Revenue Gap shows that Footwear, Harmonized Tariff Schedule (HTS) Chapter 64, comprised the largest amount at \$45 million. Mechanical Apparatus, HTS Chapter 84, and Special Class Provisions, HTS Chapter 98, comprised the second and third largest amounts at \$38 million and \$29 million, respectively.

Revenue Gap Components (millions)



Revenue Collection Compliance Rate



The Revenue Gap is used by Customs along with the trade compliance data to assess areas that can be targeted for improved compliance and to support informed and enforced compliance activities within the trade community. However, since the Revenue Gap is only a statistical estimate and is relatively imprecise, Customs does not recognize it as a receivable or use it to identify, collect, or refund specific amounts.

There are two major reasons why the Revenue Gap may not be reliable: 1) The revenue changes are usually small even though the sample size for many of the HTS chapters are large; and 2) The variability of the revenue change is large when it does occur. However, continued improvements in the collection, analysis, and tracking of revenue data at the ports make the Revenue Gap estimate more precise each year.